

Diabetes Supplies Contract

History, Legal Authority, and Information Requested from DHHS

Roche Diagnostics Corporation Contract

Issues:

Single Vendor vs. Multi-vendor

Excessive Processing Requirements on behalf of provider

History -

SL 2009-451 allowed DHHS to enter into single-vendor, single-source contracts

Prodigy Contract Diabetics Supplies – Sole Source

November 15, 2009 through November 14, 2011

Contract provision allowed extension of one year – through 2012

The Joint Conference Committee Report on the Continuation, Expansion and Capital Budgets

#169 Reduce Durable Medical Equipment (\$3,509,312) R (\$2,211,174)

**2011 – DHHS conducted a bid process and new contract was awarded to
Roche Diagnostic Corporation**

S.L. 2009-451

ACCELERATED DHHS PROCUREMENT PROCESS TO ACHIEVE BUDGET REDUCTIONS

SECTION 10.58B.(a) Notwithstanding any other provision of law to the contrary, the Department of Health and Human Services may modify or extend existing contracts or as necessary enter into sole source contracts to timely achieve the provisions of this act. Any such modifications or contract extensions or sole source contracts must be approved by the Secretary of the Department of Administration and reported to the Senate Appropriations Committee on Health and Human Services, the House of Representatives Appropriations Subcommittee on Health and Human Services, the Fiscal Research Division, and the Office of State Budget and Management. This subsection applies to the following activities and shall expire six months from the date of enactment of this act:

- (1) Maximizing technology to increase third-party recovery, increase cost avoidance activities, identify provider overbilling and other abuse or program integrity activities;
- (2) Implementing prior authorization efforts in imaging and other high-cost services;
- (3) Providing technical assistance to enhance care coordination, analysis, and reports to assess provider compliance and performance;
- (4) Conducting independent assessments; and
- (5) Providing technology services to establish physician/provider online attestation reporting and assist CCNC in care management activities.

SECTION 10.58B.(b) The Department shall report on the activities conducted under this section to the House Appropriations Subcommittee on Health and Human Services, the

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Senate Appropriations Committee on Health and Human Services, and the Fiscal Research Division on or before April 1, 2010.

Session Law 2009-0451, Section 10.58 (b) MEDICAID

SECTION 10.58.(b) Policy.

(1) Volume purchase plans and single source procurement. – The Department of Health and Human Services, Division of Medical Assistance, may, subject to the approval of a change in the State Medicaid Plan, contract for services, medical equipment, supplies, and appliances by implementation of volume purchase plans, single source procurement, or other contracting processes in order to improve cost containment.

DHHS – Information for Task Force

- General information regarding contracting at DHHS.
- Explain difference between sole source and an RFP, even when only 1 vendor is selected.
- Explain how notification goes out regarding the RFP and what if any public/provider input is accounted for.
- How diabetic supplies were contracted for prior to Prodigy contract.
- Explanation of why Prodigy went sole source.
- Complaints/concerns/reasons not to further extend Prodigy contract.
- Explanation of RFP Process for new contract and award to Roche (building off of what committee just learned about how contracting is done, but more specifically regarding this contract)
- Factors considered when evaluating proposals.
- Details of Roche contract itself, particularly the rebate.
- Information on how providers/consumers and public were notified of changes.
- Any obstacles that were initially found (rebates, reimbursements) and how they have been resolved.
- Any remaining challenges.
- Total cost of diabetic supplies prior to the sole source of Prodigy contract (state/federal funds) include unit costs.
- Total cost and savings generated by the Prodigy Contract, include unit cost savings.
- Total cost and savings expected by Roche contract, include unit cost savings.
- Present options to this contract method and cost implications.